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C O N F I D E N T I A L SECTION 01 OF 02 LAGOS 000038

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TAGS: PGOV KCOR KDEM ECON NI

SUBJECT: FIGHTING CORRUPTION WITH TECHNOLOGY IN EDO, NIGERIA

REF: A. 08 LAGOS 477
1B. 08 LAGOS 514
1C. 09 LAGOS 227
1D. 09 LAGOS 285
1E. LAGOS 05
1F. LAGOS 08

Classified By: Consul General Donna M. Blair for Reasons 1.4 (B,D)

SUMMARY

11. (C) Governor Oshiomhole (Action Congress - AC) of Edo State seeks to fight corruption with technology rather than the judiciary. Oshiomhole has collected biometric data from public employees and scanned in personnel documents in order to validate wage, salary and pension payments. He is incrementally introducing plastic ID cards with encoded data on microchips which will form the basis for tax, fee and fine collection without cash payment or middlemen. He has automated payroll taxes for large employers and is expanding the system to medium and small enterprises. Oshiomhole is plugging the leakages in the present and future rather than trying to recover the losses of the past. This is the third in a series of cables assessing the government of former labor leader Adams Oshiomhole roughly one year after he came to power as governor of Edo State. END SUMMARY.

FIGHTING PAY-ROLL FRAUD WITH BIOMETRIC DATA

12. (C) Edo State completed collecting biometric data for all political appointees, public employees and pensioners in order to counter payroll fraud by December 9. Likewise all personnel documents for public employees were scanned into a central data bank, enabling a comparison between job-profile and employee qualifications and pay scales by December 1. The governor's special advisor on Information Technology, Yemi Keri, told PolOff December 7 that the State had difficulty in convincing employees that this was not a "witch-hunt," but is now positioned to run a parallel payroll in December to establish the order of magnitude of payroll fraud and start pinpointing discrepancies. Governor Oshiomhole told PolOff on December 7 that payroll fraud had proven more complex and pervasive than initially anticipated, and expressed hopes that the savings generated by the elimination of such fraud will help finance the 27 percent increase in teacher's salaries agreed to with the unions.

TAX NUMBERS AND ID-CARDS

13. (C) Starting in January, plastic ID cards with embedded microchips containing key personal data were introduced to facilitate payments to the state at any of the nine partnering banks. Keri stressed that the state did not want to "launch" these cards with great fanfare, but rather distribute them incrementally while running a public information campaign highlighting the benefits. The ID cards will incorporate a unique tax identification number which is being introduced in parallel. (NOTE: Nigeria has no federal personal tax number although some other states, notably Lagos, have introduced state tax numbers. END NOTE.)

14. (C) The goal is to enable residents to make all payments to the State electronically using these cards, whether for taxes, vehicle registration fees, or for traffic and other fines. The system eliminates cash payments and middlemen, the primary source of "leakages," according to Commissioner for Finance John Inegbedion. The nine participating banks benefit by getting the accounts associated with the payment system and having use of the funds for five working days. Residents can pay cash into the banks which is then credited to their card and used to pay their obligations to the state at a "point-of-sale" station located at the bank, or hold accounts directly with the bank and use the cards to make direct payments from their account to the state.

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AUTOMATED PAYMENTS

15. (C) Payroll taxes have already been automated for large enterprises and employers, such as the state itself. The State plans to introduce automated payroll taxes with medium and smaller enterprises in the course of 2010. As the plastic ID cards become more pervasive, Keri expects that it will become possible for many of the self-employed to pay their taxes automatically from their bank accounts as well.

TRAINING THE UNEMPLOYED

16. (C) To scan in the personnel documents, collect biometric data from all over the state, and to manage email accounts and websites associated with these initiatives 437 formerly unemployed graduates were hired and trained by the Information Technology office. In addition, 250 graduates were hired to train bank employees in the "point-of-sale" revenue collection system and manage it thereafter. Many of these new employees had been unemployed for years. Last but not least, 60 civil servants from the Board of Internal Revenue received training in Microsoft word and excel to enable them to manage their jobs more efficiently. (NOTE: When Oshiomhole's Commissioner for Budget, Planning and Economic Development joined the Oshiomhole cabinet he discovered he was the only person in his entire ministry who could use Excel. END NOTE.) Keri hopes that these new and newly trained public employees will inspire other civil servants to approach their work with more service orientation, enthusiasm and professionalism.

COMMENT

17. (C) The technological approach to tackling corruption introduced by Oshiomhole does not penalize the evil-doers nor recoup the losses of the past. Instead, this approach focuses on stopping on-going and future losses. The approach does not entail lengthy and expensive legal battles, it does

not arouse the immediate resistance of former power holders, and it is replicable. By moving away from cash payments and eliminating middlemen, the state has tripled revenues. END COMMENT.

¶8. (U) ConGen Lagos has cleared this cable with Embassy Abuja.
BLAIR